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RIVERDALE CITY

June 30, 2005

Financial Statements

(With Auditors' Report)

**LITZ &
COMPANY**

*Certified Public Accountants
A Professional Corporation*

RIVERDALE CITY

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Independent Auditors' Report

**Honorable Mayor and City Council
Riverdale City, Utah**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Riverdale City as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Riverdale City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Riverdale City as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the basic financial statements that collectively comprise Riverdale City's basic financial statements. The combining and individual fund statement and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Riverdale City. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Litz & Company, P.C.

August 31, 2005

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Riverdale City, Utah

Management's Discussion and Analysis

for fiscal year ending June 30, 2005

INTRODUCTION

The following is a discussion and analysis of Riverdale City's financial performance and activities for the fiscal year ending June 30, 2005. Beginning in fiscal year 2004, the City implemented new financial reporting standards established by GASB (the Governmental Accounting Standards Board). These new standards significantly changed the content and structure of the financial statements.

HIGHLIGHTS

Some of the businesses that joined the City in this fiscal year were Old Navy, H & R Block, and Great Clips. New residential construction numbers were down from the previous year. Permits for single family dwelling homes were 28 for the current year and 63 for the previous year, a decrease of 55.6%. The Redevelopment Agency for Riverdale nearly completed the Senior Facility Building. This facility will provide a place for the community's senior citizens to meet and engage in a variety of activities and interests. This new facility also includes twenty housing units – seven one-bedroom units, two one-bedroom handicap accessible units, and eleven two bedroom units.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the City's Basic Financial Statements. The Basic Financial Statements includes three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the Basic Financial Statements, this report also contains other supplementary information.

The government-wide financial statements are comprised of: 1) the Statement of Net Assets, and 2) the Statement of Activities. These two statements provide a broad overview of the City's finances. The Statement of Net Assets shows the overall net assets of the City. Over time, increases and decreases in net assets are one indicator of the City's overall financial condition. The Statement of Activities helps to identify functions of the City that are principally supported by taxes and other general revenues (governmental activities) along with other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities).

Riverdale City's business type activities include water, sewer, garbage and storm water operations.

The fund financial statements provide detailed information about individual major funds and not the City as a whole. A fund is a group of related accounts that the City uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the City's funds are divided into two types, each of which uses a different accounting approach. The two types are 1) Governmental Funds and 2) Proprietary Funds.

Governmental Funds – Most of the City's basic services are accounted for in governmental funds and are essentially the same functions reported as governmental activities in the government-wide financial statements.

Proprietary Funds – Riverdale City uses two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Riverdale City has four enterprise funds – water, sewer, garbage, and storm water. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains two internal service funds to account for its fleet and information technology systems activities. Because these services predominantly benefit government rather than business-type activities, they are included with *governmental activities* in the government-wide statements.

Differences between Government-Wide and Fund Statements

- Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements.
- Capital outlays result in capital assets on the government-wide statements but are expenditures on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements but are deferred revenue on the governmental fund statements.

Notes to the Financial Statements

The notes found within these financial statements provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets

The largest component of the City's net assets, 68.7 percent, reflects investments in capital assets (land, buildings, equipment, roads, and other infrastructure) less all outstanding debt that was issued to buy or build those assets. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities.

Restricted net assets comprise 8.5 percent of total net assets and are subject to external restrictions on how they may be used. The remaining 22.8 percent of net assets is unrestricted and may be used at the City's discretion to meet its ongoing obligations to citizens and creditors.

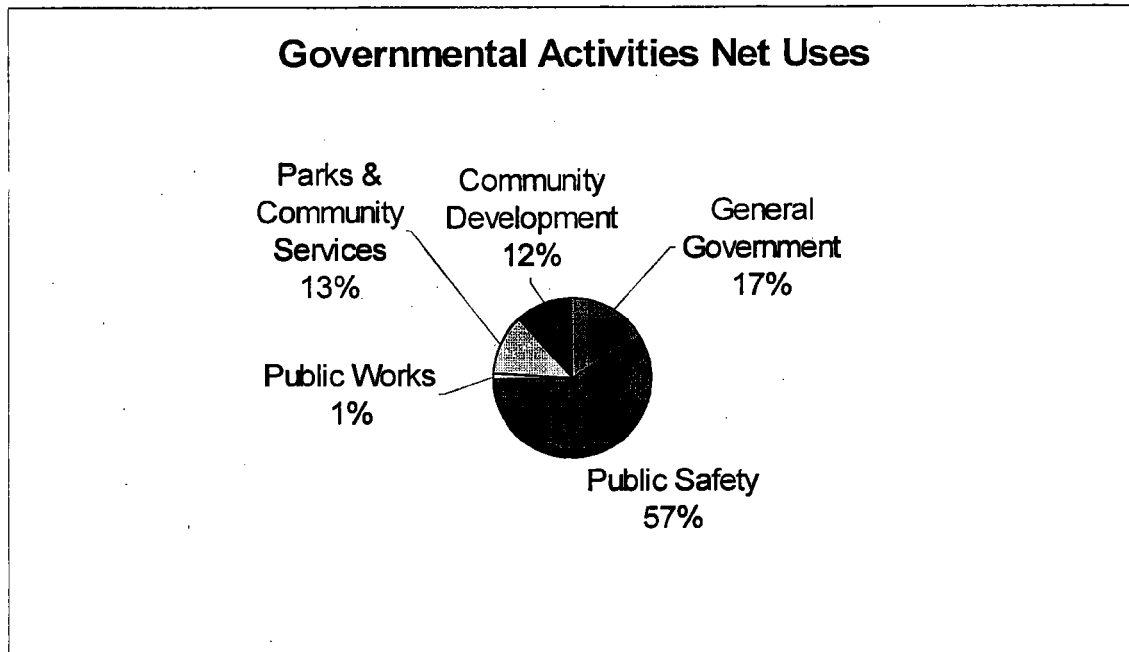
Riverdale City

Statement of Net Assets Comparative

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities
	2005	2004	2005	2004
Current and Other Assets	6,644,330	6,186,776	2,661,683	2,328,912
Capital Assets (Net)	11,718,765	8,242,642	8,019,806	7,883,576
Total Assets	18,363,095	14,429,418	10,681,489	10,212,488
Current Liabilities	644,428	171,838		312
Noncurrent Liabilities	2,082,039	432,855	9,079	11,672
Total Liabilities	2,726,467	604,693	9,079	11,984
Net Assets				
Invested in Capital Assets, Net of Related Debt	10,043,765	8,242,642	8,019,806	7,883,576
Restricted	2,234,738	3,542,192		
Unrestricted	3,358,125	2,039,891	2,652,604	2,316,928
Total Net Assets	15,636,628	13,824,725	10,672,410	10,200,504

Governmental Activities

The activities in the governmental funds resulted in an increase in net assets of \$1,367,206 for the year. The following chart shows by percentage the relative net uses (expenses minus any revenue directly attributed to that particular function) for governmental activities for each of the functions shown on the Statement of Activities.



Riverdale City

Changes in Net Assets Comparative

	Governmental Activities	Governmental Activities	Business- type Activities	Business- type Activities
	2005	2004	2005	2004
Program Revenues				
Charges for Services	834,896	718,061	1,457,552	1,506,865
Operating Grants & Contributions	295,362	301,333		
Capital Grants & Contributions	158,367		243,880	
General Revenues				
Property Taxes	1,416,796	1,173,213		
Sales Tax	4,531,545	4,803,921		
Unrestricted interest earned	145,115	105,403		28,073
Other Revenues	79,288	611,908		80,745
Total Revenues	7,461,369	7,713,839	1,701,432	1,615,683
Expenses				
General Government	1,478,520	1,798,810		
Public Safety	2,890,529	2,699,435		
Public Works	334,712	486,581		
Parks & Community Services	697,609	544,614		
Community Development	658,750	779,743		
Interest on long-term debt	9,043			
Public Utilities			1,308,467	1,275,446
Total Expenses	6,069,163	6,309,183	1,308,467	1,275,446
Increase in Net Assets before Transfers	1,392,206	1,404,656	392,965	340,237
Transfers	-25,000		25,000	
Change in Net Assets	1,367,206	1,404,656	417,965	340,237
Net Assets Beginning	14,269,422	12,864,766	10,200,504	9,860,267
Net Assets Ending	15,636,628	14,269,422	10,618,469	10,200,504

The table below shows to what extent the City's governmental activities relied on taxes and other general revenue to cover all of their costs. These programs generated revenues of \$1,288,625 or 21.2 percent of their total expenses through charges for services and grants. Taxes and other general revenues covered the remaining 78.8 percent of expenses.

<i>Activities</i>	<i>Total Program Expenses</i>	<i>Less Program Revenues</i>	<i>Net Program Costs</i>	<i>Program Revenues as a Percentage of Total Expense</i>
General Government	\$1,478,520	\$666,248	(\$812,272)	45.1%
Public Safety	\$2,890,529	\$69,174	(\$2,821,355)	0.2%
Public Works	\$334,712	\$376,130	\$41,418	112.4%
Parks & Community Services	\$697,609	\$79,151	(\$618,458)	9.9%
Community Development	\$658,750	\$97,922	(\$560,828)	14.9%
Interest on Debt	\$9,043		(\$9,043)	0.0%
<i>Totals</i>	\$6,069,163	\$1,288,625	(\$4,780,538)	21.2%

Business-Type Activities

The business-type activities (water, sewer, storm-water, and garbage) are generating sufficient revenue to cover operating costs.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

Riverdale City added \$3,742,754 in new capital assets in governmental activities during the fiscal year - \$265,794 in infrastructure (primarily roads), \$200,353 in buildings, equipment and other assets, and \$3,276,607 in construction in progress (seniors facility). Riverdale City added \$364,531 in new capital assets in business-type activities during the fiscal year.

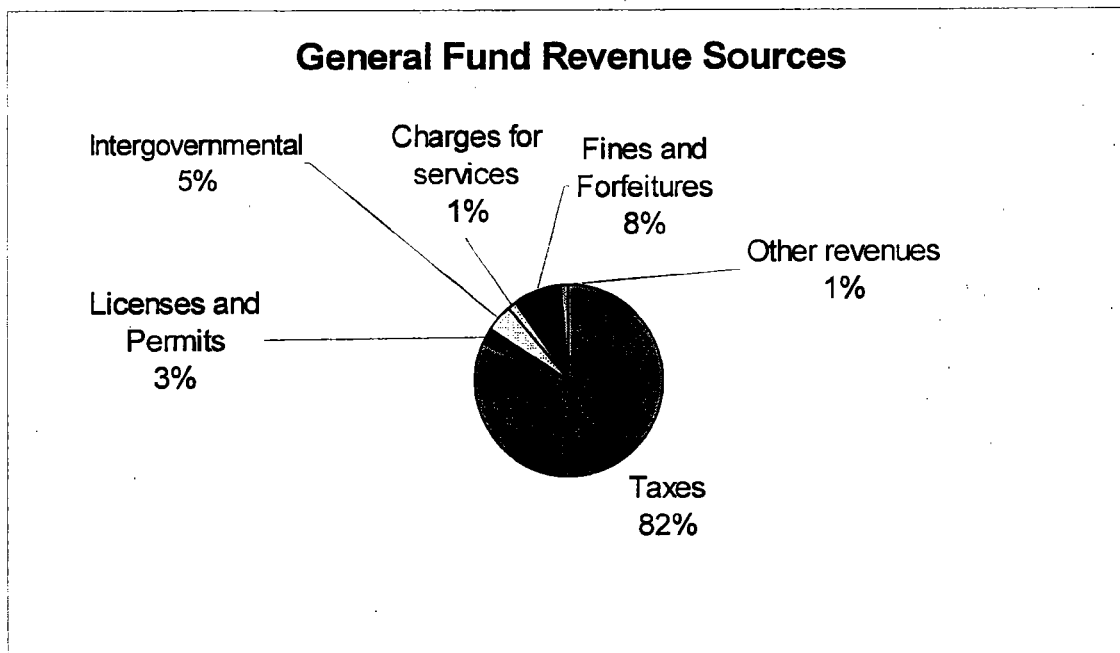
FINANCIAL ANALYSIS OF THE CITY'S FUNDS

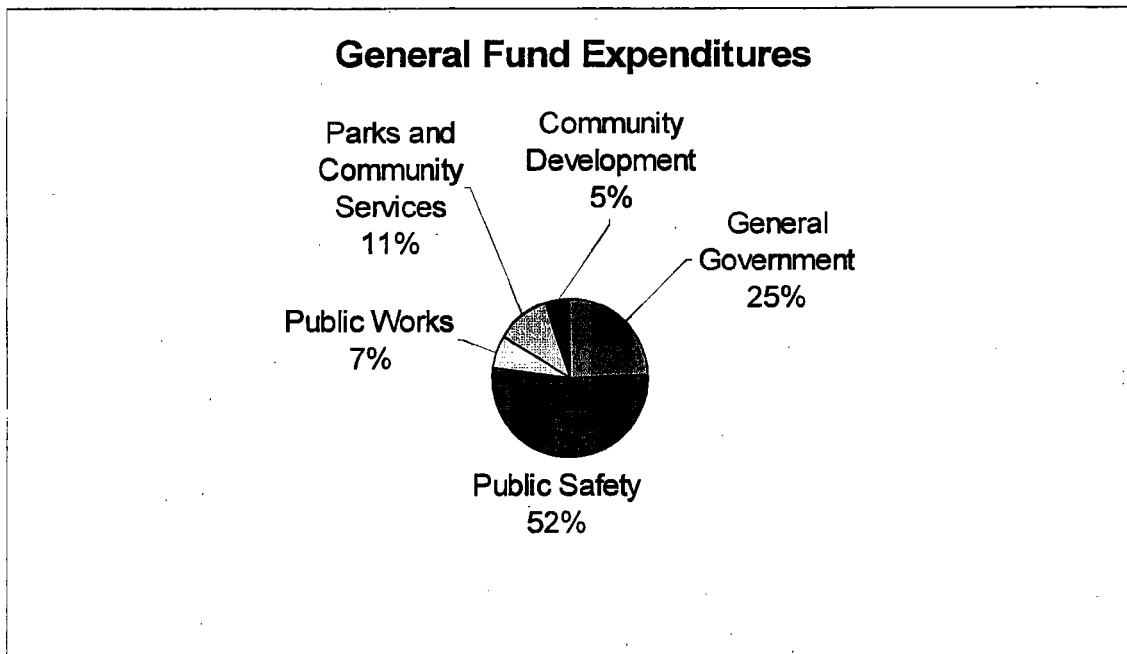
Fund Balances

At June 30, 2005, Riverdale City's governmental funds reported combined fund balances of \$4,643,465. Of this amount, \$2,234,738 or 48.1% is reserved for specific purposes and projects. The remaining \$2,408,727 or 51.9% is unreserved. Of this amount, \$1,100,000 is in the "rainy day" fund, and \$1,308,727 is in the Capital Projects Fund.

General Fund

During 2005, the fund balance in the general fund decreased by \$166,497. Taxes increased \$84,775, a 1.7% increase from the previous year. Total general fund revenue was down \$81,730 or 1.3% decrease. Total general fund expenditures (excluding transfers) were down \$9,566 or 0.2%.





General Fund Budgetary Highlights

Riverdale City prepares its budget according to state statutes. The most significant budget is the General Fund. The City amended the General Fund budget one time during the year to meet the needs of the departments as issues arose. The budget was increased by \$93,950. This increase was necessary to cover increases in the Fire Department for costs related to equipment and maintenance, Community Services for various expenses and to increase the budget to cover payments related to the Motor Pool and Information Technology Fund operations.

Actual General Fund revenues were \$56,020 or 0.9% above the original budget and \$56,510 or 0.9% below the final budget. Actual expenditures were \$1,129,348 or 17.2% below the original budget and \$1,242,128 or 18.6% below the final budget. The City was not required to draw upon existing fund balance in the General Fund this year to cover its expenditures.

RDA Fund

During the fiscal year, the fund balance in the Redevelopment Agency Fund decreased \$638,325, which was primarily due to the construction of the Senior Facility.

There were no budget amendments during the year to the RDA budget.

Capital Projects Fund

During the fiscal year, the fund balance in the Capital Projects Fund increased \$361,398. Expenditures for the year included a variety of projects - \$50,000 for a transportation study, \$121,017 on street projects, \$9,445 for buildings/renovations and remodel, \$23,317 for parks and trails, and \$6,769 for equipment.

Enterprise Funds

The combined change in net assets of the enterprise funds shows an increase of \$471,906 or 38.7% from the previous year.

OTHER MATTERS**Current and Future Projects**

Aside from the roundabouts on 4400 S. of \$553,782, the City and the RDA of Riverdale do not have any material projects anticipated in the coming year.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of Riverdale City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information in this report or any other matters related to the City's finances should be addressed to:

Lynn Fortie
Treasurer
4600 S. Weber River Dr.
Riverdale, UT 84405

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RIVERDALE CITY
Statement of Net Assets
June 30, 2005

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,667,337	\$ 2,382,690	\$ 8,050,027
Accounts receivable - net	13,308	134,528	147,836
Property taxes receivable	385,079	-	385,079
Due from other governmental units	44,778	-	44,778
Housing loans receivable	409,995	-	409,995
Prepaid expenses	49,952	-	49,952
Investments	-	144,465	144,465
Deferred bond financing cost - net	73,881	-	73,881
Capital assets			
Land	811,347	755	812,102
Construction in process	3,484,632	-	3,484,632
Depreciable infrastructure	1,040,640	-	1,040,640
Buildings, equipment, and other depreciable assets	9,829,937	11,340,978	21,170,915
Less accumulated depreciation	(3,447,791)	(3,321,927)	(6,769,718)
Total capital assets, net	11,718,765	8,019,806	19,738,571
Total assets	\$ 18,363,095	\$ 10,681,489	\$ 29,044,584
LIABILITIES			
Accounts payable	\$ 434,238	\$ -	\$ 434,238
Accrued liabilities	105,300	-	105,300
Customer deposits	9,890	-	9,890
Bonds payable - current	95,000	-	95,000
Bonds payable - noncurrent	1,580,000	-	1,580,000
Compensated absences	502,039	9,079	511,118
Total liabilities	2,726,467	9,079	2,735,546
NET ASSETS			
Invested in capital assets, net of related debt	10,043,765	8,019,806	18,063,571
Restricted for:			
Class C roads	343,465	-	343,465
Special revenue activities	761,052	-	761,052
Capital projects	1,204,102	-	1,204,102
Unrestricted	3,284,244	2,652,604	5,936,848
	\$ 15,636,628	\$ 10,672,410	\$ 26,309,038

RIVERDALE CITY
Statement of Activities
For the Year Ended June 30, 2005

Function/Programs	Program Revenues			Net (Expense) Rev & Chgs in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 1,478,520	\$ 657,722	\$ 8,526	\$ (812,272)	\$	\$ (812,272)
Public safety	2,890,529	4,986	64,188	(2,821,355)		(2,821,355)
Public works	334,712	5,115	212,648	41,418		41,418
Parks and community services	697,609	69,151	10,000	(618,458)		(618,458)
Community development	658,750	97,922	-	(560,828)		(560,828)
Interest on long-term debt	9,043	-	-	(9,043)		(9,043)
Total governmental activities	6,069,163	834,896	295,362	(4,780,538)		(4,780,538)
Business-type activities:						
Public utilities	1,308,467	1,457,552	-		392,965	392,965
Total business-type activities	1,308,467	1,457,552	-		392,965	392,965
Total primary government	\$ 7,377,630	\$ 2,292,448	\$ 295,362	(4,780,538)	392,965	(4,387,573)
General revenues:						
Property taxes				1,416,796	-	1,416,796
Sales tax				4,531,545	-	4,531,545
Unrestricted interest earned				145,115	53,941	199,056
Gain or loss on sale of asset				25,834	-	25,834
Miscellaneous				53,454	-	53,454
Transfers				(25,000)	25,000	-
Total general revenues				6,147,744	78,941	6,226,685
Change in net assets				1,367,206	471,906	1,839,112
Net assets - beginning of year (as restated)				14,269,422	10,200,504	24,469,926
Net assets - end of year				\$ 15,636,628	\$ 10,672,410	\$ 26,309,038

The notes to the financial statements are an integral part of this statement.

RIVERDALE CITY
Balance Sheet
Governmental Funds
June 30, 2005

	General Fund	Redevelopment Agency	Capital Projects	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 625,669	\$ 2,571,291	\$ 1,308,727	\$ 4,505,687
Restricted cash	-	30,594	-	30,594
Accounts receivable	13,308	-	-	13,308
Taxes receivable	341,587	43,492	-	385,079
Due from other governmental units	44,778	-	-	44,778
Interfund note receivable	500,000	-	-	500,000
Housing loan receivable	-	409,995	-	409,995
Prepaid expenses	49,952	-	-	49,952
Total assets	<u>\$1,575,294</u>	<u>\$ 3,055,372</u>	<u>\$ 1,308,727</u>	<u>\$ 5,939,393</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 26,529	\$ 404,209	\$ -	\$ 430,738
Accrued liabilities	105,300	-	-	105,300
Interfund note payable	-	750,000	-	750,000
Customer deposits	-	9,890	-	9,890
Total liabilities	<u>131,829</u>	<u>1,164,099</u>	<u>-</u>	<u>1,295,928</u>
Fund Balances:				
Fund balances reserved for:				
Class "C" roads	343,465	-	-	343,465
RDA housing	-	687,171	-	687,171
Project areas	-	1,204,102	-	1,204,102
Unreserved fund balance	<u>1,100,000</u>	<u>-</u>	<u>1,308,727</u>	<u>2,408,727</u>
Total fund balances	<u>1,443,465</u>	<u>1,891,273</u>	<u>1,308,727</u>	<u>4,643,465</u>
Total liabilities and fund balances	<u>\$1,575,294</u>	<u>\$ 3,055,372</u>	<u>\$ 1,308,727</u>	<u>\$ 5,939,393</u>

RIVERDALE CITY
Balance Sheet Reconciliation to
Statement of Net Assets
June 30, 2005

Total fund balances - governmental fund types: \$ 4,643,465

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

These assets consist of:

Land	811,347	
Construction in progress	3,484,632	
Depreciable infrastructure	1,040,640	
Buildings, equipment and other depreciable assets	9,829,937	
Accumulated depreciation	(3,447,791)	
Total capital assets		11,718,765

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of those internal service funds that primarily benefit governmental entities are included with governmental activities in the statement of net assets. (Net of capital assets included above.) 1,377,556

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Those liabilities consist of:

Compensated absences	502,039	
Bond payable	1,675,000	
Less: Deferred charge for issuance costs, net of amortization	<u>(73,881)</u>	
		<u>(2,103,158)</u>

Net assets of government activities \$ 15,636,628

RIVERDALE CITY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

	General Fund	Redevelopment Agency	Capital Projects	Total Governmental Funds
REVENUES				
Taxes	\$ 4,969,984	\$ 978,357	\$ -	\$ 5,948,341
Licenses and permits	165,141	-	-	165,141
Intergovernmental	290,204	-	-	290,204
Charges for services	74,266	-	-	74,266
Impact fees	-	-	-	-
Fines and forfeitures	518,294	-	-	518,294
Other revenues	52,161	7,090	-	59,251
Total revenues	<u>6,070,050</u>	<u>985,447</u>	<u>-</u>	<u>7,055,497</u>
EXPENDITURES				
Current:				
General government	1,340,167	-	-	1,340,167
Public safety	2,840,310	-	-	2,840,310
Public works	378,149	-	-	378,149
Parks and community services	599,826	-	-	599,826
Community development	272,564	3,542,937	-	3,815,501
Capital expenditures	-	-	217,047	217,047
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	84,043	-	84,043
Total expenditures	<u>5,431,016</u>	<u>3,626,980</u>	<u>217,047</u>	<u>9,275,043</u>
Excess (deficiency) of revenues over (under) expenditures	<u>639,034</u>	<u>(2,641,533)</u>	<u>(217,047)</u>	<u>(2,219,546)</u>
Other financing sources (uses)				
Grants/donations	-	-	10,000	10,000
Interest income	28,970	73,208	13,944	116,122
Bond proceeds	-	1,675,000	-	1,675,000
Transfers in	-	280,000	834,501	1,114,501
Transfers out	(834,501)	(25,000)	(280,000)	(1,139,501)
Total other financing sources and uses	<u>(805,531)</u>	<u>2,003,208</u>	<u>578,445</u>	<u>1,776,122</u>
Net changes in fund balances	(166,497)	(638,325)	361,398	(443,424)
Fund balances - beginning of year (as restated)	1,609,962	2,529,598	947,329	5,086,889
Fund balances - end of year	<u>\$ 1,443,465</u>	<u>\$ 1,891,273</u>	<u>\$ 1,308,727</u>	<u>\$ 4,643,465</u>

RIVERDALE CITY
Statement of Changes Reconciliation to
Statement of Activities
For the Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ (443,424)
Governmental funds report capital outlays as expenditures (3,515,756). However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (296,928). This is the amount by which capital outlays exceeded depreciation in the current period.	3,218,828
The contribution income resulting from infrastructure assets that were contributed by developers is included in the statement of activities.	158,367
Adjustments and asset retirements of general government capital assets are not reported in the fund statements but are reflected in the entity-wide statement of activities.	(17,644)
Internal service fund was used by management to charge the costs of fleet management to individual funds. The net revenue (expense) of certain activities of internal service fund is reported with governmental activities.	121,383
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	(1,675,000)
Amortization of bond issuance costs is included as an expense in the statement of activities.	(1,119)
Bond issuance costs are capitalized and not expensed in the statement of activities	75,000
Changes in general long-term liabilities are not reflected in the fund statements but are reported as part of the entity-wide statement of activities.	<u>(69,185)</u>
Change in net assets of governmental activities	<u><u>\$ 1,367,206</u></u>

RIVERDALE CITY
Statement of Net Assets
Proprietary Funds
June 30, 2005

	Business - Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Garbage Fund	Total Enterprise Funds	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 867,175	\$ 976,123	\$ 473,270	\$ 66,122	\$ 2,382,690	\$ 1,131,056
Accounts receivable - net	134,528	-	-	-	134,528	-
Due from other funds	-	-	-	-	-	250,000
Investments	144,465	-	-	-	144,465	-
Total current assets	1,146,168	976,123	473,270	66,122	2,661,683	1,381,056
Noncurrent assets:						
Land	755	-	-	-	755	-
Buildings	797,776	-	-	-	797,776	-
Improvements	5,380,992	4,113,262	951,660	-	10,445,914	-
Machinery and equipment	91,193	6,094	-	-	97,287	2,569,872
Less: Accumulated depreciation	(1,992,053)	(1,302,778)	(27,095)	-	(3,321,926)	(1,625,634)
Total noncurrent assets	4,278,663	2,816,578	924,565	-	8,019,806	944,238
Total assets	5,424,831	3,792,701	1,397,835	66,122	10,681,489	2,325,294
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	-	-	3,500
Total current liabilities	-	-	-	-	-	3,500
Noncurrent liabilities:						
Compensated absences	5,781	3,298	-	-	9,079	-
Total noncurrent liabilities	5,781	3,298	-	-	9,079	-
Net Assets:						
Invested in capital assets, net of related debt	4,278,663	2,816,578	924,565	-	8,019,806	944,238
Unrestricted	1,140,387	972,825	473,270	66,122	2,652,604	1,377,556
Total net assets	\$ 5,419,050	\$ 3,789,403	\$ 1,397,835	\$ 66,122	\$ 10,672,410	\$ 2,321,794

RIVERDALE CITY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

	Business - Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Garbage Fund	Total Enterprise Funds	
Operating revenues:						
Charges for services	\$ 668,155	\$ 319,166	\$ 188,705	\$ 238,352	\$ 1,414,378	\$ 424,020
Impact fees	-	22,622	-	-	22,622	-
Miscellaneous	20,552	-	-	-	20,552	600
Total operating revenues	688,707	341,788	188,705	238,352	1,457,552	424,620
Operating expenses:						
Personnel services	251,292	55,997	-	-	307,289	-
Contractual services	206,864	202,273	26,308	217,340	652,785	-
Materials and supplies	43,819	19,778	3,153	8,946	75,696	66,626
Depreciation	132,653	81,431	14,217	-	228,301	265,876
Utilities	44,396	-	-	-	44,396	14,923
Total operating expenses	679,024	359,479	43,678	226,286	1,308,467	347,425
Operating income (loss)	9,683	(17,691)	145,027	12,066	149,085	77,195
Nonoperating revenues (expenses):						
Interest revenue	20,047	21,794	10,216	1,884	53,941	24,151
Gain or (loss) on sale of assets	-	-	-	-	-	20,037
Total nonoperating revenues	20,047	21,794	10,216	1,884	53,941	44,188
Income before contributions/transfers	29,730	4,103	155,243	13,950	203,026	121,383
Transfers in	-	-	25,000	-	25,000	-
Contributions from developers	51,870	56,835	135,175	-	243,880	-
Change in net assets	81,600	60,938	315,418	13,950	471,906	121,383
Total net assets - beginning	5,337,450	3,728,465	1,082,417	52,172	10,200,504	2,200,411
Total net assets - ending	\$ 5,419,050	\$ 3,789,403	\$ 1,397,835	\$ 66,122	\$ 10,672,410	\$ 2,321,794

RIVERDALE CITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005

	Business - Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Garbage Fund	Total Enterprise Funds	
Cash Flows From Operating Activities						
Receipts from customers	\$ 699,638	\$ 319,167	\$ 188,705	\$ 238,352	\$ 1,445,862	\$ -
Receipts from interfund services provided	-	-	-	-	-	174,020
Receipts from other activities	20,552	22,622	-	-	43,174	600
Payments to suppliers	(295,079)	(222,051)	(29,773)	(226,286)	(773,189)	(78,049)
Payments to employees	(255,226)	(54,657)	-	-	(309,883)	-
Net cash provided (used) by operating activities	169,885	65,081	158,932	12,066	405,964	96,571
Cash Flows From Noncapital Financing Activities						
Transfers to other funds	-	-	-	-	-	-
Transfers from other funds	-	-	25,000	-	25,000	-
Net cash provided (used) by noncapital financing activities	-	-	25,000	-	25,000	-
Cash Flows From Capital and Related Financing Activities						
Purchases of capital assets	(14,922)	-	(105,729)	-	(120,651)	(394,447)
Proceeds from sale of assets	-	-	-	-	-	32,035
Net cash provided (used) by capital and related financing activities	(14,922)	-	(105,729)	-	(120,651)	(362,412)
Cash Flows From Investing Activities						
Interest earned on cash deposits	20,047	21,794	10,216	1,884	53,941	24,151
Net cash provided (used) by investing activities	20,047	21,794	10,216	1,884	53,941	24,151
Net increase (decrease) in cash and cash equivalents	175,010	86,875	88,419	13,950	364,254	(241,690)
Cash and cash equivalents - beginning	692,165	889,248	384,851	52,172	2,018,436	1,372,746
Cash and cash equivalents (deficit) - end	867,175	976,123	473,270	66,122	2,382,690	1,131,056
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income	9,683	(17,691)	145,027	12,066	149,085	77,195
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	132,653	81,431	14,217	-	228,301	265,876
(Incr) decr in accounts receivable	31,483	-	-	-	31,483	-
(Incr) decr in due from other funds	-	-	-	-	-	(250,000)
Incr (decr) in accounts payable	-	-	(312)	-	(312)	3,500
Incr (decr) in compensated absences	(3,934)	1,341	-	-	(2,593)	-
Total adjustments	160,202	82,772	13,905	-	256,879	19,376
Net cash provided (used) by operating activities	169,885	65,081	158,932	12,066	405,964	96,571
Noncash capital financing activities:						
Contributions by developers	\$ 51,870	\$ 56,835	\$ 135,175	\$ -	\$ 243,880	\$ -

The notes to the financial statements are an integral part of this statement.

RIVERDALE CITY
Notes to the Financial Statements
June 30, 2005

Note 1 - Summary of Significant Accounting Policies

Riverdale City (City) was incorporated on March 4, 1946. The City operates under a traditional form of government and provides the following services as authorized by its character: public safety, public utilities, streets and highways, garbage collection, culture, recreation, public improvements, planning and zoning, and general administrative services. The financial statements of Riverdale City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present Riverdale City (the primary government) and its component units. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationships with the City.

Blended Component Unit

Riverdale Redevelopment Agency (RDA). - RDA is governed by a board of directors comprised of the Mayor and City Council of Riverdale City. Although it is legally separate from the City, the RDA is reported as if it were part of the primary government because its sole purpose is to redevelop areas within the City thereby generating additional property tax and sales tax.

B. Government-wide and Fund Financial Statements

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds.

Government-wide Financial Statements

The government-wide statements present information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The effects of inter-fund activity have been eliminated from the government-wide statements except for the residual amounts due between governmental and business-type activities.

The Statement of Net Assets presents the City's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The City does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

RIVERDALE CITY
Notes to the Financial Statements
June 30, 2005

Note 1 - Summary of Significant Accounting Policies - Continued

B. Government-wide and Fund Financial Statements – Continued

Fund Financial Statements

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and statutory mandate. The various funds are grouped, in the financial statements in this report, into fund types and categories as follows:

Governmental Fund Types:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources of the City not accounted for by a separate, specialized fund.

Special Revenue Funds - The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The City's Redevelopment Agency Fund is reported as a special revenue fund.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital improvements.

Proprietary Fund Types:

Enterprise Fund - The Enterprise Fund is used to account for operations that (a) are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability, or other purposes. The City operates the water, sewer, storm drain, and garbage activities in the enterprise funds. Each is considered a major proprietary fund.

Internal Service Fund - The Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government units, on a cost reimbursement basis. The City operated the motor pool and information technology funds as an internal service fund.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All governmental funds are accounted using a current resource measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

RIVERDALE CITY
Notes to the Financial Statements
June 30, 2005

Note 1 - Summary of Significant Accounting Policies – Continued

C. Measurement Focus and Basis of Accounting- Continued

All proprietary funds are accounted for using a current resource measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases and decreases in net total assets.

All governmental funds are accounted for using the modified accrual basis of accounting. That is, revenues are recognized when they become measurable and available as net current assets. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or 60 days thereafter to be used to pay liabilities of the current period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued in the individual funds because the current portion of these items cannot be reasonably estimated and (2) principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The City applies only the applicable FASB pronouncements issued on or before November 30, 1989.

D. Budgets

Annual budgets are prepared and adopted in accordance with the "Uniform Fiscal Procedures Act of Utah" by the City Council on or before June 22nd for the following fiscal year which begins on July 1. Budgets may be increased by resolution of the City Council at any time during the year, following a public hearing. Budgets are prepared in line-item detail; however, budget amendments by resolution are generally required only if the fund exceeds its total budget appropriation. Annual budgets are adopted for all governmental fund types. All annual appropriations lapse at the fiscal year end.

Utah State allows for any undesignated fund balances in excess of 5% of total revenue of the general fund to be utilized for budget purposes. The law also allows for the accumulation of a fund balance in the general fund in an amount equal to 18% of the total estimated revenue of the general fund. In the event that the fund balance, at the end of the fiscal year, is in excess of that allowed, the City has one year to determine an appropriate use and then the excess must be included as an available resource in the general fund budget.

E. Capital Assets

Capital assets, which include land, buildings, property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 (for infrastructure assets \$50,000) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

RIVERDALE CITY
Notes to the Financial Statements
June 30, 2005

Note 1 - Summary of Significant Accounting Policies - Continued

E. Capital Assets - Continued

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of these assets is computed by use of the straight-line method over their estimated useful lives as follows:

Buildings and improvements	40 Years
Wells	50 Years
Water distribution systems	50 Years
Sewer collection system	50 Years
Infrastructure and improvements	20 Years
Machinery and equipment	5-15 Years
Other improvements	10-30 Years

F. Reservation of Fund Balance/Retained Earnings

The City is required to reserve part of the fund balance of the general fund to account for the unexpected portions of certain types of revenue. The reserved fund balance is for class "C" road revenue. The Redevelopment Agency has reserved fund balance for RDA Housing loans and for expenditures in the redevelopment project areas.

G. Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Accounting Changes and Restatements

Riverdale City has implemented GASB Statement 40, *Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3* one year earlier than required. As a result, the disclosures in Note 3 related to the City's deposit and investment risks have been changed.

Note 3 - Deposits and Investments

Deposits and investments for Riverdale City are governed by the Utah Money Management Act (*UtahCode Annotated*, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the City's exposure to various risks related to its cash management activities.

A. Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of City funds to be in a *qualified depository*,

RIVERDALE CITY
Notes to the Financial Statements
June 30, 2005

Note 3 - Deposits and Investments - Continued

defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. The City's deposits in the bank in excess of the insured amount are uninsured and are not collateralized, nor do state statutes require them to be. The City's bank balances at June 30, 2005 were \$278,074, of which \$171,490 were uninsured and uncollateralized.

Investments. Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's policy for custodial credit risk of investments is to comply with the Money Management Act. The \$271,416 of the City's investment in a certificate of deposit is insured up to \$100,000 and is in the City's name. Therefore \$171,416 of the City's investments is exposed to custodial credit risk.

B. Credit Risk

Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations; and shares in a money market fund as defined in the Act. The City is also authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. Following are the City's investments at June 30, 2005:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF Investments	\$ 7,829,434	54 days*	not rated
Certificate of Deposit	271,416	4/24/06	not rated
Total	<u>\$ 8,100,850</u>		

* Weighted-average maturity

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City's investments are noted in the previous table.

RIVERDALE CITY
Notes to the Financial Statements
June 30, 2005

Note 4 - Accounts Receivable

Accounts receivables are recorded net of the allowance for doubtful accounts of \$17,000 in the enterprise funds.

Note 5 - Interfund Notes Receivable/Payable

The RDA Fund borrowed \$500,000 from the General Fund and \$250,000 from the Motor Pool Fund for senior center expenditures. According to the terms of the promissory note, the RDA promises to pay the General Fund ten annual amounts of \$50,000 commencing December 31, 2005 and \$25,000 each year to the Motor Pool Fund until fully repaid. The notes bear no interest. The amount budgeted in fiscal year 2006 is half of the full balance of the notes and it is possible that the notes will be repaid within two years rather than ten.

Note 6 - Capital Assets

Capital assted activity for the year ended June 30, 2005 was as follows:

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
Governmental activities:				
Capital assets, not being depreciated:				
Land	811,347	-	-	811,347
Construction in process	208,025	3,276,607	-	3,484,632
Total	1,019,372	3,276,607	-	4,295,979
Capital assets, being depreciated:				
Buildings and improvements	5,307,325	-	-	5,307,325
Other improvements	1,136,503	-	-	1,136,503
Machinery and equipment	3,185,756	560,109	(359,756)	3,386,109
Infrastructure	774,846	265,794	-	1,040,640
Total	10,404,430	825,903	(359,756)	10,870,577
Less accumulated depreciation for:				
Buildings	(1,074,847)	(139,053)	-	(1,213,900)
Other improvements	(115,264)	(51,871)	-	(167,135)
Machinery and equipment	(1,991,049)	(328,920)	296,173	(2,023,796)
Infrastructure	-	(42,960)	-	(42,960)
Total	(3,181,160)	(562,804)	296,173	(3,447,791)
Capital assets, being depreciated, net	7,519,443	263,099	(359,756)	7,422,786
	8,538,815	3,539,706	(359,756)	11,718,765

RIVERDALE CITY
Notes to the Financial Statements
June 30, 2005

Note 6 - Capital Assets - Continued

Business-type activities:

Capital assets, not being depreciated:

Land	755	-	-	755
Total	755	-	-	755

Capital assets, being depreciated:

Buildings	797,776	-	-	797,776
Improvements	10,096,305	349,609	-	10,445,914
Equipment	82,366	14,922	-	97,288
Total	10,976,447	364,531	-	11,340,978

Less accumulated depreciation for:

Buildings	(252,323)	(13,296)	-	(265,619)
Improvements	(2,797,995)	(204,560)	-	(3,002,555)
Equipment	(43,308)	(10,445)	-	(53,753)
Total accumulated depreciation	(3,093,626)	(228,301)	-	(3,321,927)

Capital assets, being depreciated, net	7,882,821	136,230	-	8,019,051
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Business-type activities capital assets, net	7,883,576	136,230	-	8,019,806
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Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:

General government	51,525
Public safety	72,632
Public works	63,990
Parks and community services	108,781
Depreciation on capital assets of the City's internal service funds is charged to the various functions based on their usage of assets	265,876
Total depreciation expense - governmental activities	<u>562,804</u>

Business-type activities:

Enterprise fund	228,301
Total depreciation expense - business-type activities	<u>228,301</u>

Note 7 - Developer Contributions

The water, sewer and storm sewer funds regularly receive contributions from sub dividers for the extension of water and sewer lines. Private developers construct water and sewer transmission systems at their own cost. Occasionally the City constructs large trunk lines. The current year additions by developers totaled \$243,880 for water, sewer, and storm drain systems.

RIVERDALE CITY
Notes to the Financial Statements
June 30, 2005

Note 8 - Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and personal leave pay benefits. Vacation and compensatory leave are recorded as an expenditure when used in governmental funds and as an expense when earned in proprietary funds and in the governmental-wide statements. A liability for unused vacation and compensatory leave is recorded in the governmental-wide statement of net assets.

Note 9 - Retirement Plans

Plan Description

Riverdale City contributes to the Local Governmental Contributory Retirement System (Contributory System), Local Governmental Non-contributory (Noncontributory System), Public Safety Retirement System (Public Safety System) for employers with (without) Social Security coverage, Firefighters Retirement System (Firefighters System) which is for employers with (without) Social Security coverage, all of which cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Non-contributory Retirement System and Public Safety Retirement System for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems at 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy

Plan members enrolled in the contributory type system are required to contribute a percentage of their covered salary (all or part may be paid by the employer) to the respective systems to which they belong; 6.00% to the Contributory, and 8.61% to the Firefighters Retirement Systems respectively. Riverdale city is required to contribute a percent of covered salary to the respective systems, 7.08% to the Contributory, 11.09% to the Noncontributory, and 19.08% to the Public Safety Noncontributory Systems. The contribution rate is actuarially determined. The contribution requirements of the System is authorized by statute and specified by the Board.

The City's contributions to the various systems for June 30, 2005, 2004 and 2003 were as follows:

A. Local Governmental System – Contributory

<u>2005</u>	<u>2004</u>	<u>2003</u>	
\$ 12,382	12,724	12,664	Employer paid for employee contributions
14,611	11,898	9,878	Employer contributions
206,378	212,078	211,067	Salary subject to contributions

B. Local Governmental System – Noncontributory

<u>2005</u>	<u>2004</u>	<u>2003</u>	
\$ 130,250	109,371	91,022	Employer contributions
1,174,478	1,136,917	1,047,433	Salary subject to contributions

RIVERDALE CITY
Notes to the Financial Statements
June 30, 2005

Note 9 - Retirement Plans - Continued

C. Utah Public Retirement System – Public Safety

<u>2005</u>	<u>2004</u>	<u>2003</u>	
\$ 151,511	133,353	104,544	Employer contributions
794,083	821,140	752,658	Salary subject to contributions

D. 401(K) Plan

<u>2005</u>	<u>2004</u>	<u>2003</u>	
\$ 43,649	42,005	39,873	Employer paid for employee contributions

Note 10 - Deferred Compensation Plan

The City also provides through ICMA a 457 deferred compensation plan to City employees. The plan, created in accordance with Internal Revenue Code Section 457, allows City employees to defer a portion of their salary until future years. For fiscal year 2005, the City contributed the difference between 17.40% and the amount contributed to the Utah Retirement Systems plans to the employees' 457 account.

Note 11 - Interfund Transfers

Transfers were made which will not be repaid. Such amounts for the fiscal year ended June 30, 2005 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities		
General	\$ -	\$ 834,502
RDA	280,000	25,000
Capital Projects	834,502	280,000
Storm Water	25,000	-
	<u>\$ 1,139,502</u>	<u>\$ 1,139,502</u>

The purpose of the interfund transfers is to meet the City's ongoing need for cash.

Note 12 - Budgetary Accounting and Tax Calendar

The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed revenues and appropriated fund balances. Budgets are required by the State of Utah for the general, special revenue, debt service and capital improvement funds. The legal level of control required by the State of Utah is at the department level. The City's budget is a financial plan of all estimated revenues and all appropriations for expenditures. Revenues and expenditures must balance.

The budget is prepared sometime between the 1st of March and the 1st of May. A tentative budget is presented by the City Administrator to the City Council by the first regularly scheduled council meeting in May. The tentative budget is reviewed and tentatively adopted by the Council no later than the first meeting in May. The tentative budget is a public record and is available for inspection at the City Treasurer and the City Recorder's Office for at least ten days prior to adoption of the final budget. Notice of a public hearing on adoption on the final budget is published seven days prior to the public hearing. The public hearing on the tentatively adopted

RIVERDALE CITY
Notes to the Financial Statements
June 30, 2005

Note 12 - Budgetary Accounting and Tax Calendar- Continued

budget is held prior to final adoption. Final adjustments are made to the tentative budget by the Council after the public hearing. The final budget is adopted by ordinance before June 22nd and a copy of the budget certified by the Budget Officer is filed with the State Auditor within thirty days of adoption.

In connection with budget adoption an annual tax ordinance establishing the tax rate is adopted before June 22nd and the City Recorder is to certify the tax rate to the County Auditor before June 22nd. Budgets for the general, special revenue, debt service and capital projects funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The above procedures are authorized by the Utah Code Sections 10-6-109 through 10-6-135.

Property Tax Calendar

<u>Duties to be Completed</u>	<u>Authorizing Statute</u>	<u>Statute Date</u>
Lien date	59-2-103 59-2-1302	01/01
Taxing Districts with June year end notify county commission of date, time and place of public hearing	59-2-919	03/01
County treasurer to settle taxes charged and collected for previous year	59-2-1365	03/31
Budget officer shall prepare and file with council a tentative budget	10-6-111	1st scheduled council meeting in May
County auditor sends valuation, certified tax rate and levy work sheets to each taxing district	59-2-924	06/01
Taxing District must adopt a proposed tax rate, certify the rate and levy and submit to county auditor	59-2-912	before 6/22
County to set proposed tax rates	59-2-909	06/22
Taxing districts adopt tentative budgets and notify county of intent to exceed certified rate	59-2-924(3)	06/22
County auditor to submit levy worksheets and supporting documentation to tax commission	59-2-913	06/22
Copy of final budget to state auditor within 30 days of adoption	10-6-118	09/17
County treasurer to mail tax notice	59-2-1317	11/01
County auditor delivers assessment roll with affidavit to tax commission	59-2-326	11/01
Payment and delinquency date	59-2-1331	11/30
Delinquency list published	59-2-1332.5	12/31

RIVERDALE CITY
Notes to the Financial Statements
June 30, 2005

Note 13 - Redevelopment Agency

The Redevelopment Agency (RDA) collected tax increments of \$325,985 for the Riverdale road area, \$202,923 for the 1050 West area and \$325,369 for the Weber River area. There were no tax increments paid to any other taxing agency. The RDA has one outstanding bond associated with the Senior Center project. The outstanding principal amount of debt issued for this project at June 30, 2005 was \$1,675,000. The RDA has entered into agreements with certain developers that require continuing payments to those developers from the RDA through fiscal year 2017.

The RDA expended funds in the following areas:

Development payments	\$ 3,412,173
Administrative cost	165,926

Note 14 - Contingent Liabilities

Amounts received or receivables from grantor agencies are subject to audit and adjustment by those grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Note 15 - Risk Management

Riverdale City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage.

Note 16 - Long term Debt

The government issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. No amounts outstanding at the end of the current fiscal year related to bonds issued in prior years. During the year \$1,675,000 of revenue bonds were issued to finance construction of the senior center.

Long-term debt includes the following bonds payable:

	Balance July 1, 2004	Issued	Retired	Balance June 30, 2005
Governmental activities:				
Redevelopment Agency Tax Increment Revenue				
Bonds Series 2005 payable in annual				
installments of \$90,000 to \$125,000 through				
2021. Interest rate of 3.0%.				
	-	1,675,000	-	1,675,000
	\$ -	\$1,675,000	\$ -	\$1,675,000

RIVERDALE CITY
Notes to the Financial Statements
June 30, 2005

Note 17 – Long-term Debt – Continued

Annual debt service requirements to maturity of the bonds are as follows:

Year Ending June 30	Principal	Interest	Total Debt Service
2006	\$ 95,000	\$ 68,250	\$ 163,250
2007	90,000	64,419	154,419
2008	90,000	60,621	150,621
2009	95,000	56,681	151,681
2010	100,000	52,669	152,669
2011-2015	530,000	198,351	728,351
2016-2020	550,000	84,532	634,532
2021	125,000	2,800	127,800
	<u>\$ 1,675,000</u>	<u>\$ 588,323</u>	<u>\$ 2,263,323</u>

Changes in Long-term Debt

During the year ended June 30, 2005 the following activity occurred in liabilities reported as long-term:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bond payable	\$ -	1,675,000	-	1,675,000	95,000
Compensated absences	<u>432,855</u>	<u>69,184</u>	-	<u>502,039</u>	-
Total	<u>\$ 432,855</u>	<u>1,744,184</u>	-	<u>2,177,039</u>	<u>95,000</u>
Business-type activities:					
Compensated absences	<u>\$ 11,672</u>	-	<u>2,593</u>	<u>9,079</u>	-

Note 18 – Prior Period Adjustment

The General and Redevelopment Agency beginning fund balances were restated as a result of a prior period adjustment. The adjustment was made to accrued property and sales taxes received in the fiscal year ended June 30, 2005 that were actually for the fiscal year ended June 30, 2004.

General Fund	
Fund balance at June 30, 2004 as previously reported	1,167,065
Prior period adjustment to accrue taxes	<u>442,897</u>
Beginning fund balance as restated	<u>1,609,962</u>
Redevelopment Agency Fund	
Fund balance at June 30, 2004 as previously reported	2,527,798
Prior period adjustment to accrue taxes	<u>1,800</u>
Beginning fund balance as restated	<u>2,529,598</u>

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RIVERDALE CITY
Notes to required Supplementary Information
June 30, 20005

Budget and Budgetary Control

As more fully explained in Note 1 of the Notes to Financial Statements, annual budgets are prepared and adopted before June 22nd for the fiscal year commencing the following July 1, in accordance with the Uniform Fiscal Procedures Act for Utah Cities. State law requires budgeted revenues to equal budgeted expenditures, and legal control is exercised at the department level. Once a budget has been adopted, it remains in effect until it has been formally revised. Budgets for the general fund, special revenue, and capital projects funds are legally required and prepared and adopted on the modified accrual basis of accounting. Therefore, no reconciliation between budgetary schedules and the GAAP statements is required.

The Budgetary Comparison schedules presented in this section of the report are for the City's general fund and major special revenue funds. Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to July 1. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the City Council through formal resolution. Final budgets do not include unexpected balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

RIVERDALE CITY
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Budget and Actual
For the Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes:				
Current year property taxes	\$ 410,000	\$ 410,000	\$ 365,694	\$ (44,306)
Delinquent property taxes	10,000	10,000	16,121	6,121
Fee in lieu	50,000	50,000	56,624	6,624
Sales and use taxes	4,500,000	4,593,950	4,531,545	(62,405)
Total Taxes	<u>4,970,000</u>	<u>5,063,950</u>	<u>4,969,984</u>	<u>(93,966)</u>
Licenses and Permits:				
Business licenses	60,000	60,000	62,233	2,233
Building permits	95,000	95,000	65,073	(29,927)
Building plan/development fees	60,000	60,000	32,849	(27,151)
Animal licenses	4,000	4,000	4,986	986
Total Licenses and Permits	<u>219,000</u>	<u>219,000</u>	<u>165,141</u>	<u>(53,859)</u>
Intergovernmental Revenue:				
Grants	-	18,080	64,188	46,108
Class "C" roads	260,000	260,000	212,648	(47,352)
Class "C" road interest	500	500	4,842	4,342
State liquor fund allotment	8,000	8,000	8,526	526
DUI/seatbelt OT Reimbursement	5,000	5,000	-	(5,000)
Total Intergovernmental Revenue	<u>273,500</u>	<u>291,580</u>	<u>290,204</u>	<u>(1,376)</u>
Charges for Services:				
Recreation and user fees	62,000	62,000	69,151	7,151
Street repairs	6,000	6,000	4,195	(1,805)
Zoning and sub fees	1,000	1,000	920	(80)
Total Charges for Services	<u>69,000</u>	<u>69,000</u>	<u>74,266</u>	<u>5,266</u>
Fines and Forfeitures:	<u>446,500</u>	<u>446,500</u>	<u>518,294</u>	<u>71,794</u>
Other revenues:				
Lease revenue	15,000	15,000	11,104	(3,896)
Interest earned	25,000	25,000	28,970	3,970
Miscellaneous	25,000	25,500	35,260	9,760
Sale of assets	-	-	5,797	5,797
Total Other revenue	<u>65,000</u>	<u>65,500</u>	<u>81,131</u>	<u>15,631</u>
Total Revenues	<u>\$ 6,043,000</u>	<u>\$ 6,155,530</u>	<u>\$ 6,099,020</u>	<u>\$ (56,510)</u>

RIVERDALE CITY
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Budget and Actual
For the Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Expenditures:				
General Government:				
Legislative	\$ 148,462	\$ 148,462	\$ 107,831	\$ (40,631)
Judicial	309,415	309,415	281,328	(28,087)
City administration	432,530	432,530	394,391	(38,139)
Business administration	590,315	590,315	449,117	(141,198)
Non-departmental	543,550	607,500	107,500	(500,000)
Total General Government	<u>2,024,272</u>	<u>2,088,222</u>	<u>1,340,167</u>	<u>(748,055)</u>
Public Safety:				
Police department	2,203,470	2,203,470	2,108,463	(95,007)
Fire department	718,822	757,652	731,847	(25,805)
Total Public Safety	<u>2,922,292</u>	<u>2,961,122</u>	<u>2,840,310</u>	<u>(120,812)</u>
Streets and Public Works				
Streets	614,674	614,674	378,149	(236,525)
Total Streets & Public Works	<u>614,674</u>	<u>614,674</u>	<u>378,149</u>	<u>(236,525)</u>
Parks and Community Services				
Parks department	216,920	216,920	191,604	(25,316)
Community services	438,072	448,072	408,222	(39,850)
Total Parks and Community Services	<u>654,992</u>	<u>664,992</u>	<u>599,826</u>	<u>(65,166)</u>
Community Development	344,134	344,134	272,564	(71,570)
Total expenditures - general fund	<u>6,560,364</u>	<u>6,673,144</u>	<u>5,431,016</u>	<u>(1,242,128)</u>
Excess Revenues Over (Under) Expenditures	<u>(517,364)</u>	<u>(517,614)</u>	<u>668,004</u>	<u>1,185,618</u>
Other Financing Sources (Uses):				
Transfers out	-	-	(834,501)	(834,501)
Use of fund balance	517,364	517,614	-	(517,614)
Total other financing sources (uses)	<u>517,364</u>	<u>517,614</u>	<u>(834,501)</u>	<u>(1,352,115)</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>-</u>	<u>-</u>	<u>(166,497)</u>	<u>(166,497)</u>
Fund Balance - Beginning of Year (as restated)	<u>-</u>	<u>-</u>	<u>1,609,962</u>	<u>1,609,962</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,443,465</u>	<u>\$ 1,443,465</u>

The notes to the financial statements are an integral part of this statement.

RIVERDALE CITY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Redevelopment Agency Special Revenue Fund
Budget and Actual
For the Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Property taxes	\$1,103,536	\$ 1,103,536	\$ 978,357	\$ (125,179)
Rents	47,200	47,200	7,090	(40,110)
Interest	27,000	27,000	73,208	46,208
Total revenues	<u>1,177,736</u>	<u>1,177,736</u>	<u>1,058,655</u>	<u>(119,081)</u>
Expenditures:				
Community development	3,842,600	3,842,600	3,542,937	(299,663)
Debt Service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	30,000	30,000	84,043	54,043
Total expenditures	<u>3,872,600</u>	<u>3,872,600</u>	<u>3,626,980</u>	<u>(245,620)</u>
Excess of revenues over (under) expenditures	<u>(2,694,864)</u>	<u>(2,694,864)</u>	<u>(2,568,325)</u>	<u>126,539</u>
Other financing sources (uses):				
Bond proceeds	1,500,000	1,500,000	1,675,000	175,000
Use of fund balance	453,864	453,864	-	(453,864)
Transfers out	(289,000)	(289,000)	(25,000)	264,000
Transfers in	1,030,000	1,030,000	280,000	(750,000)
Total other fin. sources (uses)	<u>2,694,864</u>	<u>2,694,864</u>	<u>1,930,000</u>	<u>(764,864)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	-	-	(638,325)	(638,325)
Fund Balances - Beginning			2,529,598	2,529,598
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,891,273</u>	<u>\$ 1,891,273</u>

SUPPLEMENTAL INFORMATION

RIVERDALE CITY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Capital Projects
Budget and Actual
For the Year Ended June 30, 2005

	Final Budget	Actual	Variance
Revenues:			
Miscellaneous	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Capital expenditures	924,900	217,047	(707,853)
Total expenditures	<u>924,900</u>	<u>217,047</u>	<u>(707,853)</u>
Excess of revenues over (under) expenditures	<u>(924,900)</u>	<u>(217,047)</u>	<u>707,853</u>
Other financing sources (uses):			
Grants/Donations	65,610	10,000	(55,610)
Interest income	12,000	13,944	1,944
Use of fund balance	963,290	-	(963,290)
Transfers in	164,000	834,501	670,501
Transfers out	(280,000)	(280,000)	-
Total other fin. sources (uses)	<u>924,900</u>	<u>578,445</u>	<u>670,501</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	<u>-</u>	<u>361,398</u>	<u>361,398</u>
Fund Balances - Beginning	<u>-</u>	<u>947,329</u>	<u>947,329</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 1,308,727</u>	<u>\$ 1,308,727</u>

RIVERDALE CITY
Combining Statement of Net Assets
Internal Service Funds
June 30, 2005

	Information Technology Fund	Motor Pool Fund	Total
ASSETS			
Cash	\$ 333,904	\$ 797,152	\$ 1,131,056
Due from other funds	-	250,000	250,000
Machinery and equipment	294,268	2,275,604	2,569,872
Accumulated depreciation	(165,705)	(1,459,929)	(1,625,634)
Total assets	<u>462,467</u>	<u>1,862,827</u>	<u>2,325,294</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable	<u>3,500</u>	-	<u>3,500</u>
Total liabilities	<u>3,500</u>	-	<u>3,500</u>
Net assets:			
Investment in capital assets, net of related debt	128,563	815,675	944,238
Unrestricted	<u>330,404</u>	<u>1,047,152</u>	<u>1,377,556</u>
Total fund balances	<u>458,967</u>	<u>1,862,827</u>	<u>2,321,794</u>
Total net assets	<u>\$ 458,967</u>	<u>\$ 1,862,827</u>	<u>\$ 2,321,794</u>

RIVERDALE CITY
Combining Statement of Revenues, Expenditures, and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2005

	Information Technology Fund	Motor Pool Fund	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 130,048	\$ 293,972	\$ 424,020
Miscellaneous revenue	-	600	600
Total operating revenues	<u>130,048</u>	<u>294,572</u>	<u>424,620</u>
Operating expenses:			
Materials and maintenance	58,872	7,754	66,626
Depreciation	35,928	229,948	265,876
Utilities	9,996	4,927	14,923
Total operating expenses	<u>104,796</u>	<u>242,629</u>	<u>347,425</u>
Operating income (loss)	<u>25,252</u>	<u>51,943</u>	<u>77,195</u>
Non-operating revenues (expenses):			
Interest income	6,789	17,362	24,151
Gain or (loss) on sale of assets	1,303	18,734	20,037
Total non-operating revenues (expenses)	<u>8,092</u>	<u>36,096</u>	<u>44,188</u>
Income before transfers	<u>33,344</u>	<u>88,039</u>	<u>121,383</u>
Change in net assets	<u>33,344</u>	<u>88,039</u>	<u>121,383</u>
Net assets - beginning of year	425,623	1,774,788	2,200,411
Net assets - end of year	<u>\$ 458,967</u>	<u>\$ 1,862,827</u>	<u>\$ 2,321,794</u>

RIVERDALE CITY
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2005

	Information Technology Fund	Motor Pool Fund	Total
Cash Flows From Operating Activities			
Receipts from interfund services provided	\$ 130,048	\$ 43,972	\$ 174,020
Receipts from other activities	-	600	600
Payments to suppliers	(65,368)	(12,681)	(78,049)
Net cash provided (used) by operating activities	64,680	31,891	96,571
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	(30,261)	(364,186)	(394,447)
Proceeds from sale of assets	6,087	25,948	32,035
Net cash provided (used) by capital and related financing activities	(24,174)	(338,238)	(362,412)
Cash Flows From Investing Activities			
Interest earned on cash deposits	6,789	17,362	24,151
Net cash provided (used) by investing activities	6,789	17,362	24,151
Net increase (decrease) in cash and cash equivalents	47,295	(288,985)	(241,690)
Cash and cash equivalents - beginning	286,609	1,086,137	1,372,746
Cash and cash equivalent - ending	333,904	797,152	1,131,056
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	25,252	51,943	77,195
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	35,928	229,948	265,876
Change in assets and liabilities:			
(Increase) decrease in due from other funds	-	(250,000)	(250,000)
Increase (decrease) in accounts payable	3,500	-	3,500
Total adjustments	39,428	(20,052)	19,376
Net cash provided (used) by operating activities	\$ 64,680	\$ 31,891	\$ 96,571

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**Report on Compliance and on Internal Control over Financial
Reporting Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

**Honorable Mayor and City Council
Riverdale City, Utah**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Riverdale City as of and for the year ended June 30, 2005, which collectively comprise Riverdale City's basic financial statements and have issued our report thereon dated August 31, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Riverdale City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Riverdale City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Mayor, City Council, and State agencies. However, this report is a matter of public record and its distribution is not limited.

Litz & Company, P.C.
August 31, 2005

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Independent Auditors' State Legal Compliance Report

Honorable Mayor and City Council
Riverdale City, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Riverdale City, for the year ended June 30, 2005, and have issued our report thereon dated August 31, 2005. As part of our audit, we have audited Riverdale City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2005. The City received the following major state assistance programs from the State of Utah:

B&C Road Funds (Department of Transportation)

The City also received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to test work as part of the audit of Riverdale City's financial statements.)

Liquor Law Enforcement (State Tax Commission)
COPS Grant (Department of Public Safety)
Bullet Proof Vest (Department of Public Safety)
Fire Grant (Department of Public Safety)

Our audit also included test work on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt	Special Districts
Cash Management	Other General Issues
Purchasing Requirements	Uniform Building Code Standards
Budgetary Compliance	Truth in Taxation & Property Tax Limits
Liquor Law Enforcement	Justice Court
B&C Road Funds	Impact Fees and Other Development Fees

The management of Riverdale City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are outlined in the accompanying Schedule of State Findings and Questioned Costs.

In our opinion Riverdale City complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2005.

Litz & Company, P.C.

August 31, 2005

RIVERDALE CITY
Schedule of State Findings and Questioned Costs
June 30, 2005

TRUTH IN TAXATION AND PROPERTY TAX LIMITATIONS

Finding: The Utah State Tax Commission requires the filing of form TC-693. This form reports the budgeted revenue for the City by fund and activity and should match the amount used in the budgets for the various funds. During our review, we noted that the amount budgeted in the general fund was different than the amount reported on the TC-693.

Recommendation: The City should take note to complete the form TC-693 using the amounts from the budget. The party responsible for filing the form should review the form and the budget to ensure that both are consistent.

Questioned Costs

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From: "Lynn Fortie" <lfortie@riverdale.state.ut.us>
To: <richardmoon@utah.gov>
Date: 12/14/2005 2:59:34 PM
Subject: Response to Schedule of State Findings

Richard -

Per our telephone conversation, I am sending Riverdale City's response to the Schedule of State Findings for our audit performed for the fiscal year 2005.

Finding: The budgeted amount in the General Fund for Property Tax was not the amount reported on from TC-693 .

Response: This was simply an error. The City will review that number in the future to ensure that it matches the budgeted revenue.

Lynn Fortie
Business Administrator
Riverdale City

CC: "Larry Hansen" <LHansen.CIVIC.Riverdale@riverdale.state.ut.us>